



- o Identify interim [REDACTED] working leadership team
- Detail for [REDACTED] key operating model aspects via facilitated workshops per function, including the following:
 - o Role of Corporate/BUs/shared services
 - o Leadership & governance roles
 - o Decision rights (Policies, Processes, KPIs)
 - o Measurement
 - o Culture and key behavioral changes
 - o Determine interfaces/linkages with other departments necessary for future state [REDACTED] responsibilities
- Determine strategies to eliminate potential stranded costs and achieve target cost structure for PG&E (including [REDACTED] options needed to retain [REDACTED]);
- Develop Interim and End-State [REDACTED] roadmap;
- Execute [REDACTED] into appropriate [REDACTED] right before [REDACTED] day;

Finance Workstream: Financial Due Diligence

General: Business, Financial Reporting, and Key Accounting Policies

- Gain an understanding of the Company's significant accounting policies and their application, including revenue recognition, subjective reserves, and other policies deemed critical by management;
- Prepare an analysis to bridge (1) the reported results to management's [REDACTED] financial statements and (2) management's [REDACTED] financial statements to [REDACTED] financial statements, if applicable;
- Discuss with the Company's management to gain an understanding of significant contracts and agreements in order to identify and comment on potential issues arising as a result of the proposed [REDACTED] e.g. [REDACTED] and terms that may impact required working capital;



- Provide a high level overview of the relevant regulatory environment specific to rate making;
- Understand the nature of the Company's significant vendor relationships and key contract terms including pricing considerations, commitments, volume commitments / discounts, payment terms, [REDACTED] provisions and other non-standard terms;
- Understand any related party transactions, including real estate leasing arrangements, sales to related parties, and shareholder loans;
- For any entity engaged in the construction of utility-like assets (transmission, power generation, etc.), provide a detail of the purpose of the entity, capital expenditure budget, amounts incurred to date and an estimate to complete; and
- Understand functions / services provided to [REDACTED] or other related parties, if any vs. [REDACTED] business.
 - o Back office
 - o Infrastructure
 - o [REDACTED]
 - o Benefit and insurance programs

Historical Financial Results

- Quality of Earnings analysis: Prepare a quality of earnings analysis to analyze historical underlying normalized EBITDA, including but not limited to an assessment of the impact of:
 - o EBITDA adjustments proposed by management, if any
 - o Pro forma considerations
 - o The impact of unusual, non-recurring and non-operational revenues or costs
 - o Reserve reversals
 - o Non-cash expenses
 - o Out of period revenues or expenses
 - o Impact of significant changes in accounting policies



- o Restructuring and asset impairments, if any
 - o Related party and owner expenses
- *Other Key Financial and Business Analysis* for the purposes of identifying any further potential impact to historical quality of earnings, we will perform the following:
 - o At a high level, understand and analyze historical Key Performance Indicators (KPI's) such as revenue/cost per megawatt produced;
 - o Analyze trends in monthly working capital and turnover ratios, including days sales outstanding, days inventory on hand and days payable outstanding;
 - o Analyze and understand changes in the Company's balance sheet accounts with a focus on potential areas that would impact the Company's run-rate EBITDA;
 - o Analyze high-level historical revenues and gross profit trend;
 - o Analyze the impacts of seasonality on monthly trends, including revenues and profitability;
 - o Analyze cost structure (fixed versus variable, direct versus allocated, employee costs, etc.);
 - o Obtain and analyze historical general and administrative expenses with emphasis on unusual fluctuations;
 - o Analyze the Company's other income/expenses with focus on inquiry regarding trends and unusual relationships; and
 - o Analyze historical and management's planned capital expenditures, with a focus on growth versus maintenance expenditures, and understand any commitments with respect to capital expenditures.

Working Capital Analysis

- Prepare a detailed analysis of monthly working capital;
- Analyze the trends for key working capital accounts and identify the drivers;
- Identify one-time and non-recurring adjustments to present working capital on a 'normalized' basis for the trailing twelve-month Period; and



- Analyze the following metrics: DSO, DPO, and working capital as a percentage of trailing net sales for the most recent available interim period.

Debt and Debt-like Analysis

- Identify balance sheet accounts that represent unusual or significant near term cash outflows;
- Identify balances and other commitments that exhibit debt-like characteristics, such as loss contracts, advance customer payments, billings in excess of costs, litigation, environmental liabilities, purchase commitments etc.;
- Note non-working capital items that could be considered debt or debt-like specific to the business, including:
 - o Reported debt;
 - o Unwanted/unfavorable lease obligations;
 - o Decommissioning liabilities & asset retirement obligations;
 - o Deferred or committed capital expenditures;
 - o Employment agreements;
 - o █████ costs;
 - o Known legal contingencies; and
 - o Off-balance sheet liabilities (guarantees, letters of credit, hedge contracts, etc.)

Optional Services

We are able to provide the following services as part of the contemplated █████ Fees for these services are not included in our fee estimates.

- Advise on the structure and contents of the dataroom;
- Prepare dataroom schedules for your consideration;
- Assist with the financial inputs of the teaser, information memorandum, management presentations, etc. and perform mock management presentations with key members of Company management;



- Assist in development of responses to [REDACTED] data requests;
- Assist the Company in answering [REDACTED] questions and participate as your diligence advisor in [REDACTED] diligence sessions;
- Read and provide comments on [REDACTED];
- Advise you on [REDACTED] mechanisms; and
- Provide post-closing assistance for [REDACTED].

Deliverables

PwC's reporting to Client will include oral advice and various written outlines, executive summaries, presentations, memoranda, analysis of issues, and schedules prepared for and delivered to Client in connection with the Services (collectively, "Deliverables"). The Financial Due Diligence Services may also include a written report(s) setting forth the significant matters that came to PwC's attention.

Upon full payment, Client will own all Deliverables prepared for and delivered to it in connection with the Services and will have a nonexclusive, non-transferable license to use the embedded PwC Materials (defined below) as part of such Deliverables. PwC will own its working papers, pre-existing materials and software, as well as any general skills, know-how, processes, methodologies, tools, techniques or other intellectual property (including a non-Client specific version of any Deliverables) which PwC may have discovered or created as a result of the Services (collectively, "PwC Materials"). Preliminary advice and draft Deliverables are works in progress and Client should not rely on these until PwC confirms its advice or provides Client with a final Deliverable.

Other than Deliverables, if requested, PwC may provide to Client spreadsheets, electronic materials, software, databases and other tools prepared by PwC to assist it with the engagement. If PwC makes these available to Client, they are provided "as is". PwC will not be responsible for results obtained by anyone other than PwC from the use of those items.

Other Terms

PwC Technology

PwC may provide or otherwise make available certain Materials that are not Deliverables, including spreadsheets and hosted web-based, data analytics, internet, cloud, visualization or other tools or software used to provide the Services or deliver the Deliverables (collectively, the "PwC Technology"). If PwC Technology is provided or otherwise made available, PwC hereby grants to Client a non-



exclusive, non-transferable license to use PwC Technology in accordance with PwC's instructions for Client's internal use and benefit only and solely in connection with and during the term of PwC's performance of the Services. PwC Technology is provided on an "as is" and "as-available" basis, and PwC does not represent or warrant that PwC Technology or any content therein will be uninterrupted or error free or that it will provide useful, accurate or specific information or results. PwC Technology is subject to change without notice and PwC may change the functionality of, or suspend or discontinue access to, all or any portion of PwC Technology at any time without notice. PwC Technology and all Materials contained therein, are PwC's Confidential Information. PwC Technology, and information contained therein are not intended to be Client's permanent records and, unless otherwise agreed in writing, access to PwC Technology and such information terminates upon expiration, completion or termination of the Services. PwC will, in its discretion, make data and records that are directly connected with the provision of the Services available to Client via PwC Technology. Client is responsible for separately maintaining copies of any relevant data and records made available through PwC Technology that Client may need. Client will provide PwC with written confirmation (by email or otherwise) of the names and employer email addresses of those users that Client authorizes to access and use PwC Technology on Client's behalf (the "Client Users") and Client will promptly notify PwC in writing of any changes thereto. Client shall only authorize Client Users to use and access the PwC Technology in accordance with and subject to the same restrictions set forth above in the Use and Disclosure of Deliverables section that apply to Deliverables. Client is responsible and liable for all Client Users' access to PwC Technology. Client shall not (and shall not allow any Client User to) misappropriate, infringe, reverse engineer, decompile, disassemble, or otherwise attempt to derive the source code, techniques, processes, algorithms, know-how, processes, formulae, methodologies, or other information or any of PwC's rights in PwC Technology, or otherwise use or access PwC Technology other than expressly permitted herein. "Materials" means information, know-how, data, and other technology, including works of authorship and other creations and ideas, databases, compilations, inventions, developments, software, firmware, and other computer programs (in source code, object code, or any other format), documentation, technical information, specifications, configuration information, designs, plans, drawings, writings, schematics, documents, reports, methods, procedures, concepts, techniques, protocols, systems, elements, components, subsystems, devices, equipment and other hardware.

Notwithstanding any other provision of this agreement, PwC and the Other PwC Firms may use Confidential Information received hereunder, including tax return information, to develop, enhance, modify and improve technologies, tools, methodologies, services and offerings, and/or for development or performance of data analysis or other insight generation. Information developed in connection with these purposes may be used or disclosed to you or current or prospective clients to provide them services or offerings. PwC and the Other PwC Firms will not use or disclose the Confidential Information in a way that would permit Client to be identified by third parties without Client's consent.

With respect to tax return information, Client may request in writing a more limited use and disclosure than the foregoing. The foregoing consent is valid until further notice by Client.



Fees and Other Matters

Based on our understanding of the Company's anticipated timing and priorities, we estimate professional fees for the period ending March 31st, 2019 to be as follows:

December 2018	\$.7M to \$1.0M
January 2019	\$1.6M to \$2.3M
February 2019	\$1.8M to \$2.5M
March 2019	\$1.7M to \$2.4M

These ranges reflect the current Company priorities of initiating the separation management office, operational, and financial workstreams. We have also considered the level of Company resources identified to support the effort as an input into the PwC resources required.

The table below reflects the weekly and monthly range by identified workstream and anticipated start time. We will update the Company regularly if our estimated fees are expected to be exceed the monthly ranges identified above.

Workstream	Estimated Average Weekly Fee Range	Estimated PwC resources	December 2018	January 2019	February 2019	March 2019
PMO	\$70,000 - \$90,000 per week	3.5 to 4.5 resources	\$210,000 - \$270,000	\$245,000 - \$315,000	\$245,000 - 315,000	\$245,000 - \$315,000
Operational: HR Requirements	\$30,000 - \$60,000 per week	2.0 to 3.5 resources	-	\$30,000 - \$90,000	\$120,000 - \$240,000	\$120,000 - \$240,000
Operational: Pension Requirements	\$10,000 - \$20,000 per week	0.5 to 1.0 resources	\$30,000 - \$60,000	\$40,000 - \$80,000	\$40,000 - \$80,000	\$40,000 - \$80,000
Operational: Functional Requirements (e.g. IT, CRESS etc.)	\$75,000 - \$105,000 per week	4.5 to 5 resources	-	\$225,000 - \$315,000	\$300,000 - \$420,000	\$300,000 - \$420,000
Financial: Accounting & Reporting	\$145,000 - \$170,000 per week	7.0 to 9.0 resources	\$385,000 - \$475,000	\$700,000 - \$850,000	\$700,000 - \$850,000	\$630,000 - \$750,000
Tax	\$7,500 -	1 to 2.5	\$22,500	\$30,000	\$30,000	\$30,000 -



Work-stream	Estimated Average Weekly Fee Range	Estimated PwC resources	December 2018	January 2019	February 2019	March 2019
	\$15,000 per week	resources	-\$45,000	-\$60,000	-\$60,000	\$60,000
Operational: Target Operating Model	\$20,000 - \$55,000 per week	1 to 2.5 resources	\$60,000-\$165,000	\$80,000-\$220,000	\$80,000-\$220,000	\$80,000-\$220,000
Financial: Financial Dilligence	\$70,000 - \$90,000 per week	3.5 to 4.5 resources	-	\$245,000-\$315,000	\$245,000-315,000	\$245,000-\$315,000
Total Estimated Forecast by month			\$0.7M to \$1.0M	\$1.6M to \$2.3M	\$1.8M to \$2.5M	\$1.7M to \$2.4M

If, during the course of performing these Services, it appears that the fee will exceed the estimate, PwC will advise Client promptly and will not undertake additional Services without prior approval. PwC will also bill Client for out-of-pocket expenses, any applicable sales, use or value added tax, and PwC's internal per-ticket charges for booking travel.

* * * * *



Except as set forth above in this addendum, all other terms and conditions of the Engagement Letter shall remain in full force and effect.

This addendum may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one single document between the parties. Counterparts may be exchanged by facsimile, or attached as a pdf, jpeg, or similar file type to an email.


* * * * *

If Client has any questions, please contact Morris (Morry) Jones at +1 (415) 498-6423 or morris.n.jones@us.pwc.com. If the Services and this addendum are acceptable, please sign a copy of this agreement below and return it to the undersigned.

Very truly yours,

PricewaterhouseCoopers LLP

By:


Morris (Morry) Jones
Partner

Date:

12/13/18

ACCEPTED AND AGREED:

Pacific Gas and Electric Company

Signature of client official:

Please print name:

Title:

Date:


Janet C. Lalluca

Senior Vice President & Deputy General Counsel

12/13/18

PG&E BILLING REQUIREMENTS AND PROCEDURES

Billing Requirements:

1. We agree to reimburse you for your out-of-pocket expenses at your actual net cost. All disbursements (including lodging, travel, out-of-pocket copying service, transcripts, and the like) must be included with your statements with supporting documentation for all lodging and travel expenses (other than nominal amounts) and for each individual item the cost of which is \$75.00 or greater.
2. All expenses shall be reasonable, ordinary, actual net cost incurred and paid by you. All expenses shall be billed at cost. Please note that air travel must be at coach rates and all rental car costs must be at subcompact rates unless otherwise expressly authorized in writing. We agree that expenses for lodging, meals, and transportation shall be at reasonable rates and that you will exercise prudence in incurring such expenses. Mileage will be paid at the Internal Revenue Service's current year approved standard rate.
3. Normal overheads shall be considered a bundled component of your hourly fees and not charged or invoiced to PG&E. If any such charge appears, we will automatically deduct it from your invoice. Normal overheads for purposes of this Contract are secretarial services, administrative, library services, clerical support, office supplies, postage, routine office copying, telecopying or "fax," local telephone, filing, file indexing, bill preparation, staff overtime, word processing, and meals or snacks (unless while travelling or otherwise approved in advance).
4. When photocopying jobs, other than routine office copying, are required, you must use the least expensive service available. In any event, we will pay no more than \$0.10 per page other than for unusually sized documents or color photocopying. Any job, whether by you, a vendor, or a service, exceeding \$1,000 requires advance approval confirmed in writing.
5. Travel time shall not be considered as actual time worked unless approved, in advance, by the principal PG&E attorney assigned to the matter. In the event you or your employee works during travel time, such efforts shall not be considered travel time for the purpose of this Contract. Air travel time shall be billed at one-half the hourly rate of straight time rates unless you work during air travel.

Billing Procedures:

In order to process your statements, PG&E must have the following information with *every* monthly statement:

1. A cover summary sheet on your letterhead that includes:
 - Your remittance address if different than your letterhead address;
 - Your taxpayer ID number;

- The case or matter name;
 - The calendar period covered by the statement; and,
 - A summary statement of the professional fees and disbursements together with the invoice total.
2. A separate statement of supporting detail on your letterhead with:
- The case or matter name;
 - Name and job title (e.g., paralegal) of each worker on each date work is done;
 - Time worked on each date work is done, separated by function;
 - Description of work done on each date;
 - Hourly rates for each worker;
 - Disbursements;
 - Total amount billed; and,
 - Display your approved annual budget and how much you have spent to date for the current calendar year, and how much you have spent on a cumulative basis since work began.
3. Additional materials to include with your statement:
- You should include as disbursements your actual out-of-pocket payments made to outside entities. *Please remember* that you must obtain authorization in advance of hiring experts/consultants.
 - You should attach receipts or other documentation for individual items costing \$75 or greater, including photocopying and lodging.

SAMPLE BILLING STATEMENT

Sample Cover Sheet

Your Firm Name

411 Main Avenue
City, CA 91234-5678

[Remittance address, if different than above.]

Taxpayer ID: 94-0987654

September 1, 2016
Pacific Gas & Electric Company
P.O. Box 7133
San Francisco, CA 94120

Re: ABC v. PG&E

For professional services rendered during the period from August 1, 2016, to
August 31, 2016.

Professional Fees	\$187.50
Expenses	50.00
Total	\$237.50

Sample Detailed Statement

Your Firm Name

411 Main Avenue
City, CA 91234-5678

Taxpayer ID: 94-0987654

STATEMENT

TO: Pacific Gas and Electric Company

RE: ABC v. PG&E

<u>Date</u>	<u>Employee</u>	<u>Title</u>	<u>Services Rendered</u>	<u>Hour</u>	<u>Rate</u>	<u>Amount</u>
8/5/16	Jane Doe	Partner	Prepare for hearing	1.5	\$125	<u>\$187.50</u>
Subtotal.....						\$187.50

Disbursements:

C&D Blueprint Service—depo transcript exhibits for
7/15/16 depo

	<u>\$50.00</u>
Subtotal.....	\$50.00
TOTAL	\$237.50
.....	

2016 Budget	\$2,500.00
2016 Amount billed to date	<u>237.50</u>
Total amount billed to date	\$3,237.60

DUE AND PAYABLE UPON RECEIPT